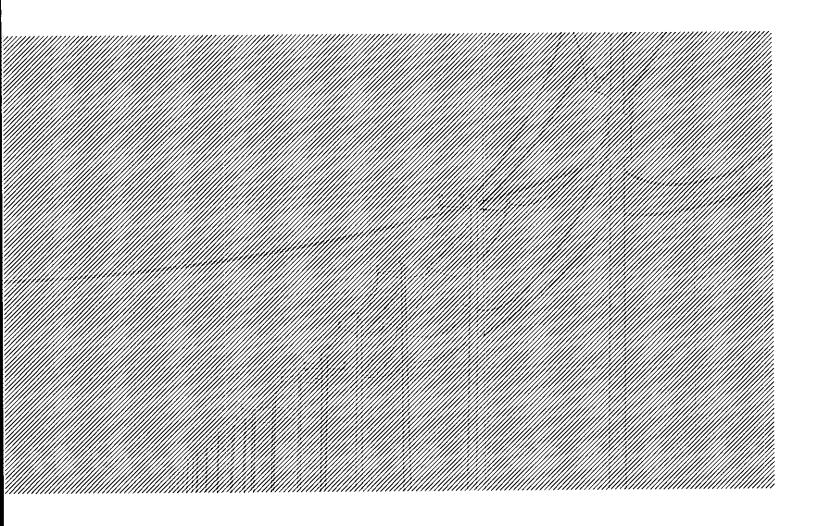


Those of you familiar with the Pinnacle West Annual Report will notice this year's report is thinner than in recent years. In order to streamline our report and use less paper, we've opted to switch to a Summary Report format. Our Annual Report on Form 10-K is available online at pinnaclewest.com or by writing to:

PINNACLE WEST 400 N. 5TH ST. MAIL STATION 8602 PHOENIX, AZ 85004



"We continue to add value by giving customers more choices, more control and more ways to save money."



TO OUR SHAREHOLDERS:

As you likely noticed, the theme for this year's Summary Annual Report is "Why We Build It." Of course, there are many reasons why we build it, including a few specific ones explored elsewhere in this report. However, to put this in simple terms, we build it because we are Arizona's largest and longest-serving electric company. It's our job to build it.

The "it" I'm referring to is the infrastructure necessary to power Arizona's expanding energy future.

The "it" won't be easy.

The integrated, instantaneous electric system ranks as the most important infrastructure element of a modern economy. Without plentiful and affordable electric power, our economy simply cannot grow. Unlike the need for a new road or public park, the demand for electricity cannot be deferred.

Our state's growth makes our need for infrastructure unique and pressing. Arizona is the second fastest growing state in the nation, and our electric subsidiary, APS, continues to grow at a rapid rate. It took nearly 120 years for our company to add its millionth customer. It will take a little more than 25 years to double that number. As a result, growth and the need to plan for growth drive our strategies.

How we build it is tougher to tackle, but we soon must make decisions that will affect Arizona's energy future for decades to come. Also, as we build it, we must continue to improve reliability and control costs for today's customers. How we build it implies not only what resources we use, but how we run it, whether we build or buy new generation, how we plan for it and finally how we pay for it and sustain it.

Let's address these one at a time.

RUNNING IT

In 2007, we ran it well. Our operations were stellar in nearly every area. Our coal units set performance records again with an 88 percent capacity factor, well above the latest national average of 71 percent. Cholla, one of our large coal plants, exceeded its previous all-time production record by nearly 5 percent.

We connected 34,000 new customers even as we set new records for reliability. Distribution outages are down 67 percent from a decade ago. Our Web site, aps.com, ranked sixth out of 111 utilities in a national survey and continues to reduce our costs and increase productivity while providing customers with superior levels of convenience and interactivity.

We continue to add value by giving customers more choices, more control and more ways to save money. APS recently expanded the options for our time-of-use rates, further enhancing this program which is already the nation's largest in both number and percentage of customers. Our award-winning program to promote and subsidize energy-efficient compact fluorescent light bulbs continues to reduce energy demand and save customers money. We also offer a variety of rebates and incentives for customers to purchase more efficient homes and air conditioning units.

We earned recognition for our environmental and sustainability efforts. For the fourth year in a row, we were named to the Global 100 - a list of the world's most sustainable corporations. Pinnacle West was the only Arizona company, one of only two U.S. utilities and one of 16 U.S. companies to make the list.

In 2006, the performance at the Palo Verde Nuclear Generating Station dropped to disappointing levels. well below its previous world-class standards. Working closely with the Nuclear Regulatory Commission, last year we implemented a performance improvement program to restore the plant's operations to previous levels of excellence.

In 2007, we saw operational improvements at Palo Verde—an eight percentage point improvement in capacity factor compared with 2006 and a 12 percent increase in production. These improvements came despite an extended planned outage to replace the steam generators at Palo Verde's Unit 3. With Executive Vice President and Chief Nuclear Officer Randy Edington's leadership, Palo Verde employees have adopted an enhanced focus on safety, equipment reliability and training. Perhaps most important, they have made a personal commitment to the kind of cultural change that will eventually restore Palo Verde to its place among the nation's - and the world's top-performing nuclear plants.

Because APS is an integrated, regulated utility, "running it" means working closely with Arizona and federal regulators to ensure we are capable of continuing to invest in the future. In 2007, we concluded one of the most complex rate cases in company history. This case, originally filed in 2005, also triggered an emergency rate request that led to expedited fuel cost recovery in 2006 to manage soaring natural gas costs. When the rate case was concluded, we were granted an additional 6.8 percent base-rate increase in 2007. Also, last year our fuel adjustor was enhanced by tying it to projected fuel costs, better aligning our costs and revenues and improving our cash flow position going forward.

BUILDING AND BUYING IT

Last year, we kept pace with Arizona's growth by investing \$900 million in infrastructure, and we expect that amount to rise and remain around \$1 billion annually. On the wires side, we built a major transmission substation and four distribution substations, completing them in time for the summer peak season.

We also installed our 100,000th "smart" meter last year. These smart meters will allow us to create even more innovative rate programs and provide customers with unprecedented flexibility—such as the ability to remotely control their power usage.

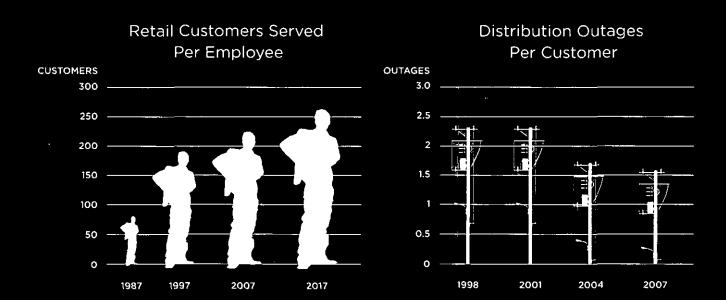
Thanks to a timely purchase of wind and geothermal power at the end of 2006, APS customers are able to participate in our new Green Choice plan, which allows them to pay a small premium to choose how much of their power they wish to be supplied by renewable energy sources. Compared with 2006, our overall renewable energy production in 2008 will increase six-fold. But that's just the beginning.

"Reliable and affordable electric power is the key energy cornerstone for a dynamic modern economy."

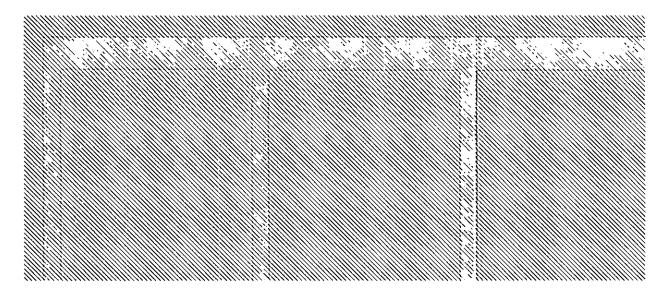
In one of the most promising developments in our company's history, we announced in February 2008 plans to buy 280 megawatts of power from a "concentrating" solar plant to be built 70 miles southwest of Phoenix. We are partnering on this large-scale project with Spanish company Abengoa, a proven builder and operator of solar technologies. When completed in 2011, the Solana Generating Station will be one of the largest solar plants in the world and will give APS more solar energy per customer than any other utility nationwide.

This past December, we finished the Herculean task of replacing the steam generators in all three units at Palo Verde. Planning and executing this \$720 million replacement took about 10 years. The new steam generators not only position Palo Verde for life extension; their higher efficiency allows Palo Verde to generate an additional 70 megawatts per unit.

During its 20th anniversary year, SunCor Development Company, Pinnacle West's real estate subsidiary, achieved solid results, recording net income of about \$24 million. As a diversified real estate company with commercial and residential properties and with manageable land debt, SunCor is somewhat insulated during a time of turmoil in the housing and mortgage industries. Last year, SunCor contributed \$10 million to the parent company, and during the past five years has provided more than \$260 million to Pinnacle West, bolstering our financial situation.



New technology and increasingly efficient processes allow each of our employees to serve more customers. Despite our steady customer growth, APS has significantly improved the reliability of our electric system.



STRATEGIC OBJECTIVES

Provide Arizona electricity customers with outstanding service and reliable energy at fair prices.

Focus on superior long-term total returns for shareholders.

Implement business practices that support a strong economy, a healthy environment and prosperous communities for Arizona.

Actively manage our costs and business risks.

Work with regulators to achieve positive regulatory outcomes that benefit both customers and shareholders. Maximize the long-term value of our assets.

Capture growth opportunities in our electricity markets.

Increase our resource portfolio consistent with our native load, environmental factors, cash flow and market conditions.

PLANNING FOR IT

APS is adding customers as fast as any utility in the country, and our customers are steadily increasing average energy usage. We expect customer demand to increase 50 percent by 2020, requiring us to build or buy 4,500 megawatts of new, mostly natural gas peaking and renewable generating capacity. About 1,000 megawatts of that additional demand can be met most economically with baseload capacity—large generating units that run continuously. Because most baseload resources have long lead times, we expect to make a decision about the preferred path within the next year or two.

To facilitate that decision, we are pursuing an open, collaborative process involving the Arizona Corporation Commission (ACC), our customers and other stakeholders to address issues such as fuel price volatility, increasing construction costs, transmission constraints and regulatory treatment of investments. There is clearly more interest than ever before among policymakers and our customers about the alternatives and the preferred choices for meeting future demand. We are seeking their input and guidance.

The overall goal is to devise a strategy to ensure Arizona has an energy supply that is reliable, stable

"We connected 34,000 new customers even as we set new records for reliability."

and affordable. With large resource needs and equally large uncertainties attributable to every resource, APS must manage the risk of major new generation, thereby reducing costs to customers. No matter which options we choose, we'll need the strong support of customers and regulators to finance them.

PAYING FOR IT

Over the last few years we have seen fuel and basic materials prices—including the key building blocks of our industry—increase at rapid levels. Since 2004, steel is up 60 percent and copper is up 185 percent. A 230/69-kilovolt transformer costs over 200 percent more. All these increases, as well as fuel cost increases, have occurred during a period of continued rapid growth for APS. As a result, we are under-collecting our costs of infrastructure on a per-customer basis by more than 50 percent.

With improved processes, better technology and an outstanding workforce, we've been able to buffer the effect of this unprecedented combination of cost increases. We build a new substation in half the time it took a decade ago. That's one way we've kept the full force of equipment and raw material cost increases from crippling our customers and shareholders.

On the other hand, there was little anyone could do in the short term about fuel cost increases. The ACC recognized this and put in place a forward-looking fuel adjustor that, combined with our hedging program, reduces our exposure to volatile gas and purchased power prices. But to provide further protection for customers, we're looking to stretch our fuel cost hedging program from three to five years. In the last five years, we've saved customers \$120 million with this sophisticated risk management tool, and we want to extend that protection further into the future.

In 2007, we completed a comprehensive review of our operations and planned expenditures. The result is a streamlined organization that facilitates better

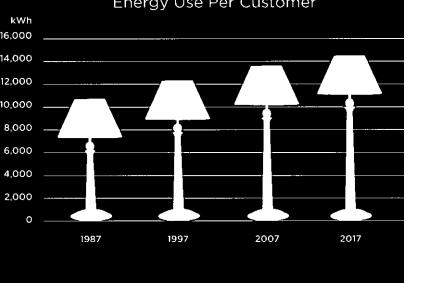
decision-making, generates annual operating savings of \$7 million and better aligns our structure with our strategies. This review also allowed us to reduce our planned five-year capital expenditures by \$200 million—about two-thirds of this amount from factoring in slower growth and a third, mostly on the wires side, from improved processes and scheduling. These reductions help to mitigate material and equipment price increases.

Nevertheless, our gross investment to serve the energy future of Arizona over the next 10 years will be \$10 billion, and we will need substantial support from the capital markets—debt and equity—to pay for this crucial infrastructure. Not only will this investment allow us to meet new demand, it will improve reliability and allow us to place emphasis on environmental improvements, alternative energy and new baseload facilities that will reduce our exposure to volatile natural gas prices.

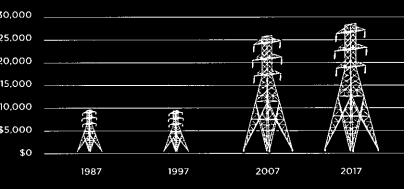
This said, investors will want to know that we can provide a fair and competitive risk-adjusted return on their investment. Right now, our return on equity is far too low even for a rust-belt utility, much less one with our rapid customer growth. We have a three-part plan for improving this situation in the near- and long-term:

First, the ACC has encouraged us to find ways to allow growth to "pay for itself." An ACC decision in February 2008 will allow APS to more directly recover the costs of system expansion. Through this decision and further enhancements, future rate increases to all customers would be reduced. Although not common for private companies, nearly 60 percent of U.S. municipalities with a population greater than 25,000 mitigate the costs of growth with some form of up-front impact fee.

Second, when necessary we will continue to file state and federal rate requests that better align costs with revenues, reduce regulatory lag and accelerate capital cost recovery. In March 2008, we filed a retail rate case that seeks a net increase in rates of \$266 million, and



APS Investment Per New Customer



While our number of customers continues to grow rapidly, APS customers also continue to use more electricity. To meet this added demand, we will invest \$10 hillion in energy resources over the next decade.

The second of th

"No matter which options we choose, we'll need the strong support of customers and regulators to finance them."

proposes ways to reduce regulatory lag. We must assure our investors that they will be fairly compensated over the long run, and we believe the ACC will continue to work with us through this challenging period.

We also recently received decisions from the Federal Energy Regulatory Commission and the ACC that will allow us to recover transmission-related costs much more quickly. The new "formula-based" rates went into effect on March 1, 2008 and are expected to increase revenues by \$37 million on an annual basis.

Third, to address longer-term needs, we will achieve broad-based support on the preferred path for the next baseload plant. This process would include agreement on regulatory approaches to recover development as well as investment costs. A successful result would both reduce the risk of longer-term projects and reduce overall financing costs.

SUSTAINING IT

We continue to secure new generation and site new power lines, improve reliability and expand customer choice. We're also holding down costs and increasing productivity, planning for the future and seeking fair returns for investors for one clear, indispensable purpose—to create a sustainable energy future for Arizona.

Reliable and affordable electric power is the key energy cornerstone for a dynamic modern economy. New investments now can lower long-run costs, ensure high levels of service quality, facilitate competitive markets and promote environmental goals.

Because sustainability is becoming ingrained in our corporate culture, our employees understand the positive impact they can have on the environment, our communities and Arizona's economy. They embrace this kind of responsibility and accountability. They realize the importance of their roles, and the ownership they feel in building Arizona's future motivates them to be more productive, more efficient and more focused.

I truly believe they are the best employees of any company, anywhere.

Their commitment makes me increasingly confident in the future of our company and the future of Arizona.



WILLIAM J. POST, CHAIRMAN AND CEO

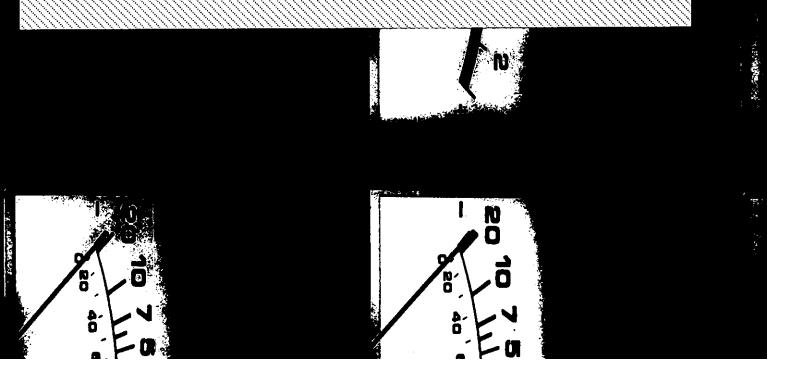


WHY WE BUILD The classroom filled with inquisitive faces...

The growing business that could explode into the next big thing...

The family that has called Arizona home for five generations...

These are just a few of the reasons why we build it. The "it" we're referring to is the infrastructure to power Arizona's energy future. With growth far surpassing the national average, APS will add 430,000 new customers by 2020. That's roughly 380,000 new homes, 50,000 new businesses and nearly 4,500 more megawatts needed to power them all. To meet this growth with safe, reliable and increasingly efficient energy, APS will invest \$13 billion, over \$30,000 for each new customer, over the same period. We'll also incorporate cutting-edge technologies, innovative processes and fresh ideas. Find out more at whywebuildit.com.

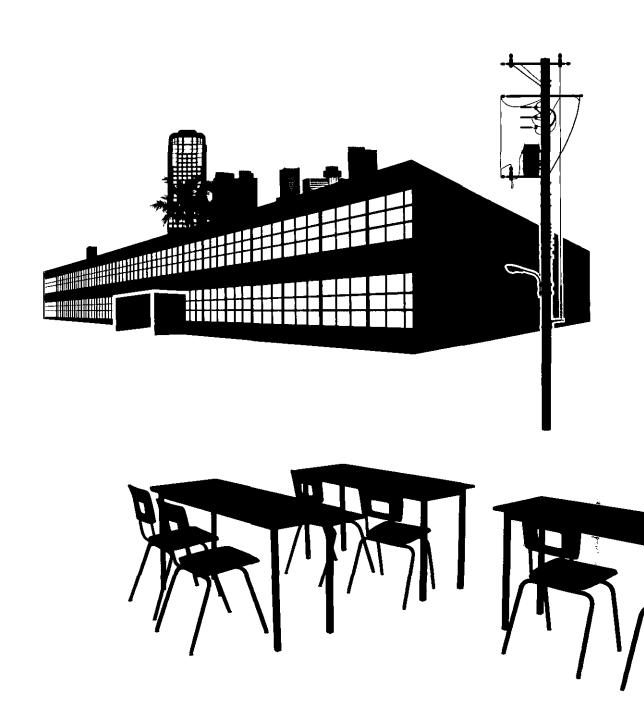


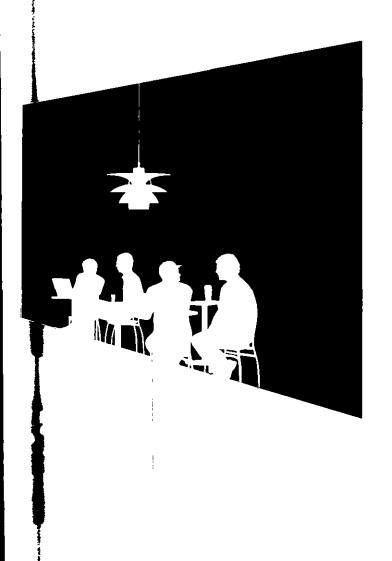


Near downtown Phoenix, MRS. PERKINS' 6th grade class is learning about energy—specifically how they and their families can use less of it. Since participating in APS' teacher's energy workshop, MRS. PERKINS has begun sharing her energy knowledge with her students in hopes their efforts and ideas can make a big impact on Arizona's energy future.

BUILDING AN EFFICIENT FUTURE

At APS, we want our customers to get more out of every megawatt we produce. That's why we offer a variety of energy-saving programs, including discounts on energy-efficient compact fluorescent light bulbs (CFLs) sold throughout Arizona. To date, more than 4.3 million CFLs have been sold through this program, reducing greenhouse gas emissions by nearly a million tons.



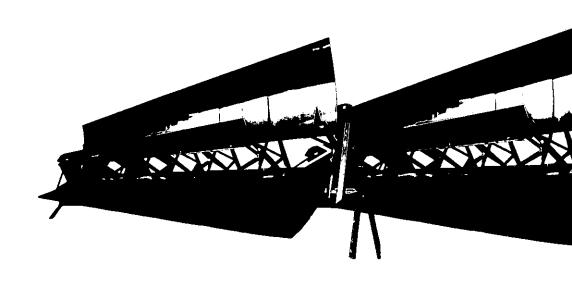


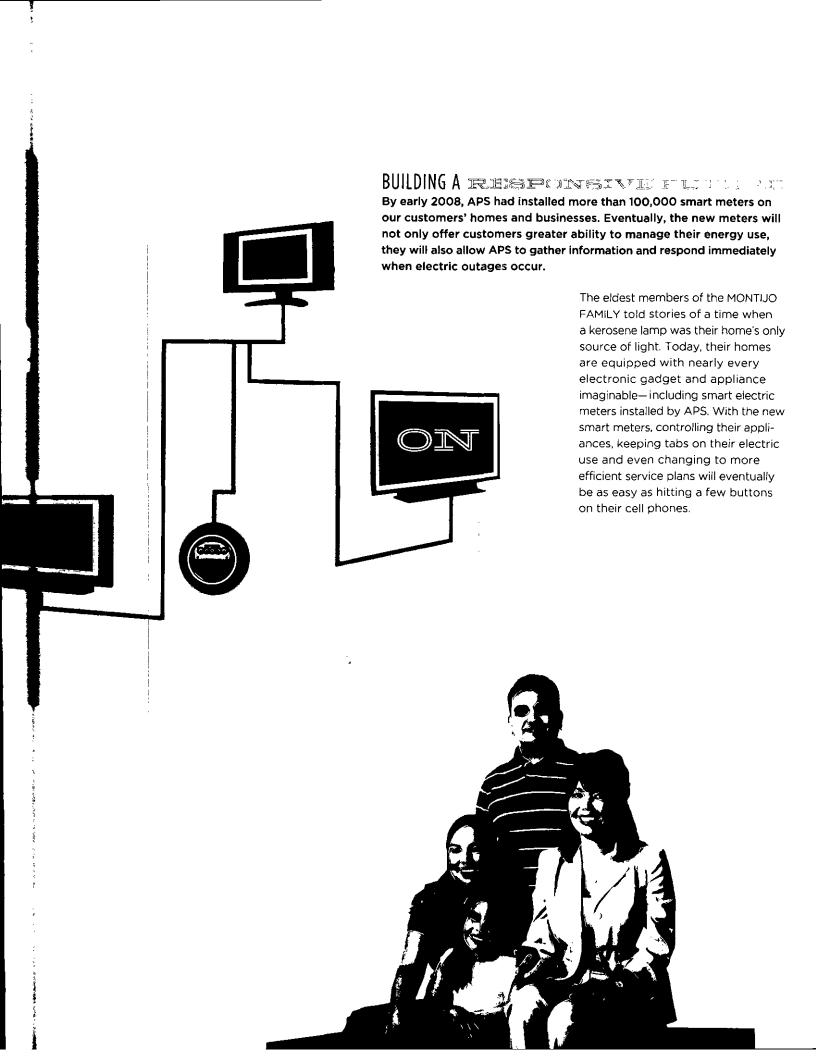
JAMES BRUZZI wants Mountain View Coffee Company, his growing bakery and coffee business, to be a place where people can get together to share laughs, ideas and a blueberry muffin. He also wants his business to be part of the solution when it comes to global climate change. That's why JAMES opted to be a part of APS' Green Choice program and pay a small premium to ensure a portion of his business' electric needs are met with renewable energy. This way JAMES is making a difference for his customers, and for the environment.



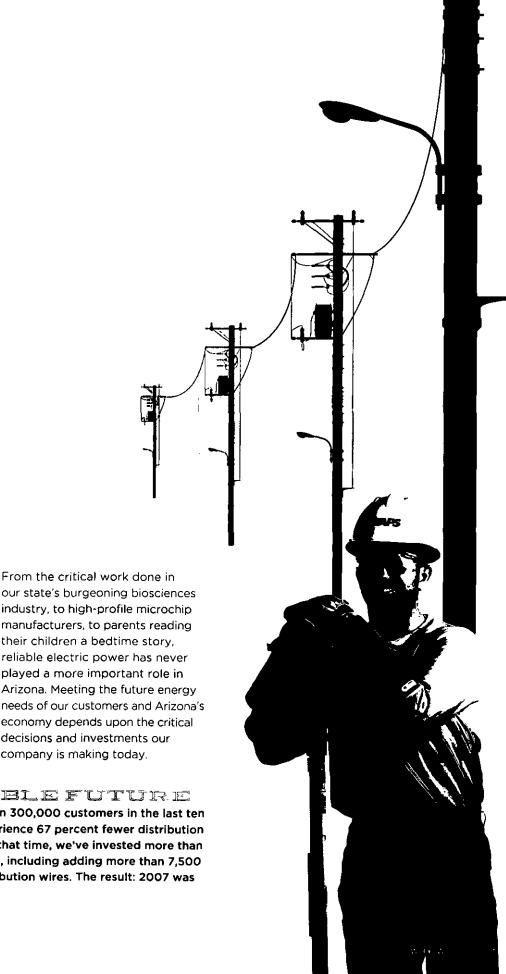
BUILDING A RESIDENCE.

Expected to break ground in 2009, the Solana Solar Generating Station, located near Gila Bend, Ariz., will be one of the world's largest solar plants, providing 280 megawatts of clean solar electricity for APS customers. The addition of Solana will more than triple our company's renewable energy resources.





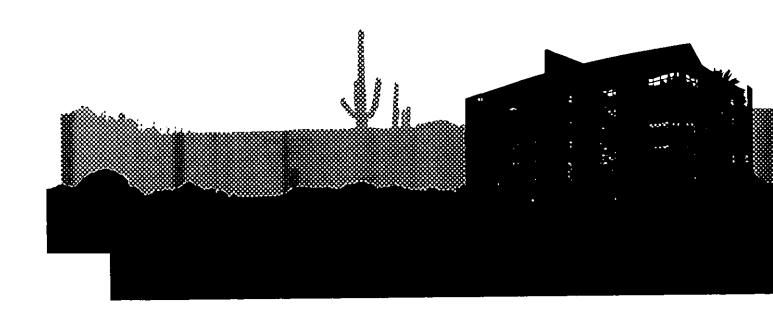




our state's burgeoning biosciences industry, to high-profile microchip manufacturers, to parents reading their children a bedtime story, reliable electric power has never played a more important role in Arizona. Meeting the future energy needs of our customers and Arizona's economy depends upon the critical decisions and investments our company is making today.

BUILDING A RELIABLE FUTURE

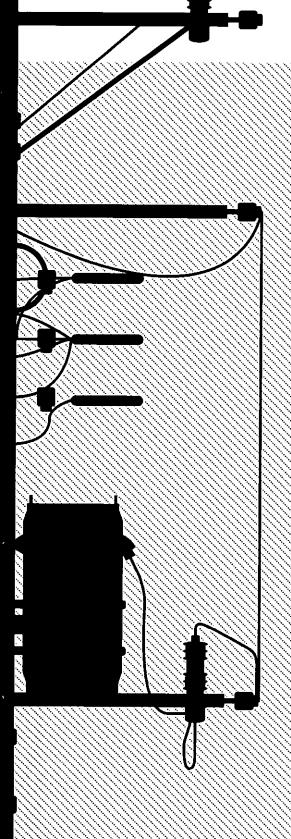
While APS has added more than 300,000 customers in the last ten years, our customers also experience 67 percent fewer distribution outages than a decade ago. In that time, we've invested more than \$6 billion in our electric system, including adding more than 7,500 miles of transmission and distribution wires. The result: 2007 was our most reliable year ever.



.

WHY
WE
BUILD
IT
.COM

We want your thoughts. We want your energy. Be a part of the conversation by visiting us online.



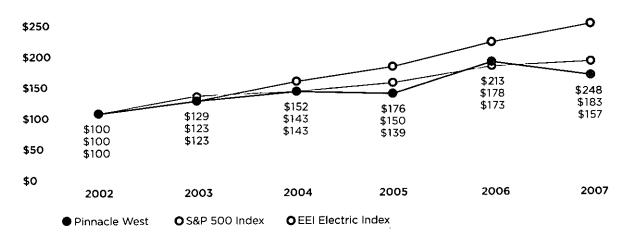
Pinnacle West Highlights

(dollars and shares in millions, except per share amounts)

	yjuunuunuuj,				
	2007		2006		2005
STOCK SUMMARY					
Stock price per share—year-end	///\$////42.41///	\$	50.69	\$	41.35
Market capitalization—year-end	///\$////4;263///	\$	5,067	\$	4,097
Common shares outstanding—year-end	100:5///		100.0		99.1
PER SHARE HIGHLIGHTS (DILUTED)					
Earnings per share—continuing operations	///\$/////2:96///	\$	3.17	\$	2.31
Earnings per share—net income	///\$/////3.05///	\$	3.27	\$	1.82
Indicated annual dividend—year-end	///\$/////2:10///	\$	2.10	\$	2.00
Book value—year-end	\$///35:15//	\$	34.48	\$	34.58
CAPITAL EXPENDITURES	\$///1,064///	\$	870	\$	928
OPERATING STATISTICS					
Retail electric sales (GWH)	//////29,171///		27,970		26,477
Total electric sales (GWH)	//////41,998///		48,411		55,245
Average retail revenue (per kWh)	////////9:51¢//		8.97¢		8.01¢
Generating capacity owned—year-end (MW)	//////6:158///		6,158		6,641
Generation output (GWH)	//////27:836///		27,548		28,270
System peak load (MW)	7///////7,545///		7,652		7,000
Electric customers—year-end	1////1/101/491///	1	1,075,269	1,	033,500
Employees—year-end	//////////////////////////////////////		7,400		7,300

Stock Performance Comparison

(value of \$100 invested as of December 31, 2002 with dividends reinvested)



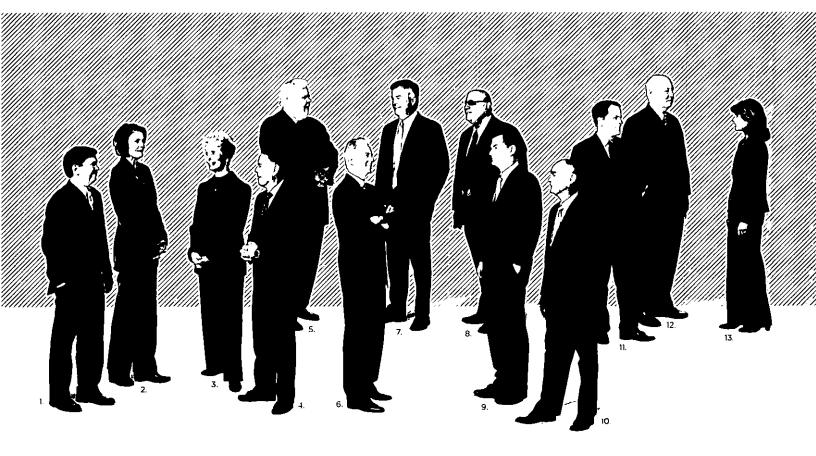
Pinnacle West Capital Corporation Condensed Consolidated Financial Statements

(dollars in millions)

	//////////////////////////////////////	2006	2005
		2006	2003
YEAR ENDED DECEMBER 31,			
CONDENSED CONSOLIDATED STATEMENTS OF INCOME			
Operating revenues	///\$////3:524///	\$ 3,402	\$ 2,988
Fuel and purchased power	(1/3///(1/435)///	(1,251)	(888)
Other operating expenses	///////////////////////////////////////	(1,532)	(1,585)
Operating income	7////////619///	619	515
Net other income (expense)		30	8
Interest expense	///////////////////////////////////////	(176)	(173)
Income taxes	///////////////////////////////////////	(156)	(127)
Income from continuing operations	////////299///	317	223
Income (loss) from discontinued operations—net of tax	/// <u>//////////////////////////////////</u>	10_	(47)
Net income	/// <u>\$/////3</u> 67///	\$ 327	\$ 176
		<u></u>	
DECEMBER 31,			
CONDENSED CONSOLIDATED BALANCE SHEETS			
<u>ASSETS</u>			
Current assets	///\$/////948///	\$ 1,475	\$ 1,891
Investments and other assets	///////////////////////////////////////	1,148	1,395
Property, plant and equipment—net	///////////////////////////////////////	7,882	7,577
Deferred debits	///////////////////////////////////////	951	460
Total assets	\$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	\$ 11,456	\$ 11,323
LIABILITIES AND COMMON STOCK EQUITY			
Current liabilities, excluding current maturities of long-term debt	////\$////\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	\$ 1,457	\$ 1,887
Long-term debt	///////////////////////////////////////	3,234	2,994
Deferred credits and other	///////////////////////////////////////	3,319	3,017
Total common stock equity		3,446	3,425
Total liabilities and common stock equity	///\$///x\\\244//	\$ 11,456	\$ 11,323
	/// //////////////////////////////////		
YEAR ENDED DECEMBER 31,			
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS			
		¢ 154	f 167
Cash and cash equivalents at beginning of year		\$ 154	\$ 163
Net cash flow provided by operating activities		394	730
Net cash flow used for investing activities	(//////////////////////////////////////	(569)	(585)
Net cash flow provided by (used for) financing activities		108	(154)
Cash and cash equivalents at end of year	//// <u>\$}//////56////</u>	\$ 87 =	<u> </u>

Complete audited consolidated financial statements can be found in our Annual Report on Form 10-K online at pinnaclewest.com,

Board of Directors



1. BRUCE J. NORDSTROM (58) 1997*

President & Certified Public Accountant. Nordstrom & Associates, P.C. Committees: Audit, Chairman; Corporate Governance; Finance, Nuclear & Operating

2. PAMELA GRANT (69) 1980

Civic Leader

Committees: Audit; Corporate Governance; Human Resources

3. SUSAN CLARK-JOHNSON (61) 2008

President, Gannett Newspaper Division, Gannett Co., Inc. Committees: Corporate Governance; Finance, Nuclear & Operating; Human Resources

4. ROY A. HERBERGER, JR. (65) 1992

President Emeritus, Thunderbird School of Global Management Committees: Corporate Governance; Finance, Nuclear & Operating; Human Resources, Chairman

5. MICHAEL L. GALLAGHER (63) 1997

Chairman Emeritus, Gallagher & Kennedy, P.A. Committee: Finance, Nuclear & Operating, Chairman

6. HUMBERTO S. LOPEZ (62) 1995

President, HSL Properties, Inc. Committees: Audit: Corporate Governance: **Human Resources**

7. JACK E. DAVIS (61) 1998**

Retired President & Chief Operating Officer Committee: Finance, Nuclear & Operating

8. EDDIE BASHA (70) 1999

Chairman of the Board, Bashas' Committees: Audit; Corporate Governance; Human Resources

9. WILLIAM J. POST (57) 1994

Chairman of the Board & Chief Executive Officer Committee: Finance, Nuclear & Operating

10. WILLIAM L. STEWART (64) 1998

Committee: Finance, Nuclear & Operating

11. W. DOUGLAS PARKER (46) 2007

Chairman & CEO, U.S. Airways Committees: Audit; Corporate Governance; Finance, Nuclear & Operating

12. THE REV. BILL JAMIESON (64) 1991

President, Micah Institute, Asheville, North Carolina Committees: Audit: Corporate Governance; Human Resources

13. KATHRYN L. MUNRO (59) 1999

Principal, Bridgewest L.L.C. Committees: Audit; Corporate Governance, Chairman; Finance, Nuclear & Operating

^{*} The year in which the individual first joined the Board of a Pinnacle West company.

^{**} Jack E. Davis will not stand for re-election at the 2008 Annual Meeting.

Officers

PINNACLE WEST

WILLIAM J. POST (57) 1973* Chairman of the Board & Chief Executive Officer

DONALD E. BRANDT (53) 2002President & Chief Operating Officer

NANCY C. LOFTIN (54) 1985 Senior Vice President, General Counsel & Secretary

ROBERT S. AIKEN (51) 1986 Vice President, Federal Affairs

BARBARA M. GOMEZ (53) 1978 Vice President & Treasurer

MARTIN L. SHULTZ (63) 1979 Vice President, Government Affairs

ARIZONA PUBLIC SERVICE

WILLIAM J. POST Chairman of the Board

DONALD E. BRANDTPresident & Chief Executive Officer

RANDALL K. EDINGTON (54) 2007 Executive Vice President & Chief Nuclear Officer

STEVEN M. WHEELER (59) 2001 Executive Vice President, Customer Service & Regulation

JAN H. BENNETT (60) 1967 Senior Vice President, Energy Delivery

JOHN R. DENMAN (65) 1964
Senior Vice President, Fossil Operations

NANCY C. LOFTIN
Senior Vice President,
General Counsel & Secretary

DONALD G. ROBINSON (54) 1978

Senior Vice President, Planning & Administration

ROBERT S. BEMENT (52) 2007 Vice President, Operations, PVNGS

DENNIS L. BROWN (57) 1973Vice President & Chief Information Officer

EDWARD Z. FOX (54) 1995 Vice President & Chief Sustainability Officer

CHRIS N. FROGGATT (50) 1986 Vice President & Controller

BARBARA M. GOMEZ Vice President & Treasurer

JEFFREY B. GULDNER (42) 2004 Vice President, Rates & Regulation

DAVID A. HANSEN (48) 1980 Vice President, Power Marketing & Trading

JOHN H. HESSER (52) 1978 Vice President, Engineering, PVNGS

WARREN C. KOTZMANN (58) 1989 Vice President, Strategic Initiatives & Risk

TAMMY D. MCLEOD (46) 1995 Vice President & Chief Customer Officer

DWIGHT C. MIMS (58) 2007Vice President, Regulatory Affairs & Plant Improvement, PVNGS

LORI S. SUNDBERG (44) 2007 Vice President, Human Resources SUNCOR DEVELOPMENT

WILLIAM J. POST Chairman of the Board

STEVEN A. BETTS (49) 2005
President & Chief Executive Officer

DUANE S. BLACK (55) 1989 Executive Vice President & Chief Operating Officer

JAY T. ELLINGSON (59) 1992 Executive Vice President, Commercial Development

THOMAS A. PATRICK (54) 1991
Executive Vice President,
Golf Operations & Human Resources

JAMES R. ADAIR (57) 1996 Vice President, Homebuilding

STEVE W. CARLSON (49) 1987 Vice President & Controller

M. RANDALL LEVIN (50) 1997 Vice President, Commercial/Urban Development & Design

MICHAEL D. MARTIN (45) 1996 Vice President & Chief Financial Officer

BRADLEY E. WRIGHT (41) 1999 Vice President & General Counsel

APS ENERGY SERVICES

JAMES R. LODGE (47) 1982 President

EL DORADO INVESTMENT

WILLIAM J. POST
Chairman of the Board, President
& Chief Executive Officer

^{*} The year in which the individual was first employed within the Pinnacle West group of companies.

Shareholder Information

STOCK LISTING

Ticker symbol: PNW on New York Stock Exchange

CORPORATE HEADQUARTERS

400 North 5th Street Phoenix, Arizona 85004 Mailing address: P.O. Box 53999 Phoenix, AZ 85072-3999 Main telephone number: (602) 250-1000 Corporate Web site: pinnaclewest.com

TRANSFER AGENT AND REGISTRAR

BNY Mellon Shareowner Services P.O. Box 358015 Pittsburgh, PA 15252-8015 (800) 457-2983 bnymellon.com/shareowner/isd

SHAREHOLDER ADMINISTRATIVE

INFORMATION

Company contact:

Jacqueline Patterson (602) 250-5511 Jacqueline.patterson@pinnaclewest.com

ANNUAL MEETING OF SHAREHOLDERS

Wed, May 21, 2008 at 10:30 a.m. (MST) Herberger Theater 222 E. Monroe St. Phoenix, AZ 85004

INVESTORS ADVANTAGE PLAN AND SHAREHOLDER ACCOUNT INFORMATION

Pinnacle West offers a direct stock purchase plan. Any interested investor may purchase Pinnacle West common stock through the Investors Advantage Plan. Features of the Plan include a variety of options for reinvesting dividends, direct deposit of cash dividends, automatic monthly investment, certificate safekeeping and more. An Investors Advantage Plan prospectus and enrollment materials may be obtained by calling BNY Mellon Shareowner Services at (800) 457-2983, at the Bank's Web sitebnymellon.com/shareowner/isd or by writing to: **BNY Mellon Shareowner Services** P.O. Box 358015

Pittsburgh, PA 15252-8015

FORM 10-K

Pinnacle West's 2007 Annual Report on Form 10-K filed with the Securities and Exchange Commission is available on our Web site or by writing to the Office of the Secretary.

STATISTICAL REPORT

A detailed Statistical Report for Financial Analysis for 2002 to 2007 is available on our Web site or by writing to the Investor Relations Department.

CORPORATE RESPONSIBILITY REPORT

The Pinnacle West Corporate Responsibility Report is available on our Web site.

INVESTOR RELATIONS CONTACTS

Rebecca L. Hickman, Director (602) 250-5668 Lisa Malagon, Manager (602) 250-5671

ASSOCIATION FOR INVESTORS

The Arizona Investment Council represents the interests of investors in Arizona utilities. If interested, send your name and address to: Arizona Investment Council 2100 N. Central Ave. #210 Phoenix, AZ 85004 (602) 257-9200 arizonaic.org

ON JUNE 12, 2007, IN ACCORDANCE WITH SECTION 303A.12 OF THE LISTED COMPANY MANUAL, OUR CHIEF EXECUTIVE OFFICER CERTIFIED TO THE NEW YORK STOCK EXCHANGE THAT HE WAS NOT AWARE OF ANY VIOLATION BY PINNACLE WEST CAPITAL CORPORATION OF NYSE CORPORATE GOVERNANCE LISTING STANDARDS AS OF SUCH DATE. IN ADDITION, ON FEBRUARY 27, 2008, OUR CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER EACH FILED A CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT (REGARDING THE QUALITY OF PINNACLE WEST'S PUBLIC DISCLOSURE) AS EXHIBITS TO OUR ANNUAL REPORT ON FORM 10-K FOR FISCAL YEAR 2007.



